

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING UTILITY COST-TRACKING MECHANISMS;  
5 REQUIRING THE COMMISSION TO PRESUME PRUDENT AND REASONABLE COST MANAGEMENT;  
6 PROHIBITING DISALLOWANCE OF COST RECOVERY WITHOUT EVIDENCE OF INTENTIONAL  
7 DISREGARD; AMENDING SECTION 69-3-331, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE  
8 AND A RETROACTIVE APPLICABILITY DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 69-3-331, MCA, is amended to read:

13 **"69-3-331. Cost tracking and recovery.** (1) If the commission approves a cost-tracking adjustment  
14 for a public utility regulated in accordance with chapter 8 or under this chapter, the cost-tracking adjustment  
15 must provide for:

- 16 (a) identical treatment of public utilities subject to chapter 8 or this chapter;
- 17 (b) 90% customer and 10% shareholder sharing of costs, if cost sharing is required; and
- 18 (c) full recovery of costs incurred by a public utility as a result of qualifying small power production  
19 facility purchase requirements established in Title 69, chapter 3, part 6.

20 (2) A cost-tracking adjustment may not include a deadband.

21 (3) For the purposes of this section, "deadband" means a level of cost recovery variance, including  
22 levels of underrecoveries and overrecoveries to be borne by the public utility.

23 (4) If the commission approves a cost-tracking adjustment mechanism with the sharing of costs, the  
24 commission shall presume the utility has responded to the incentive by taking all prudent and reasonable steps  
25 to manage costs. The commission may not disallow the utility's recovery of any of these shared costs absent  
26 evidence of the utility's intentional disregard of the incentive to manage costs."

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28 **NEW SECTION. Section 2. Severability.** If a part of [this act] is invalid, all valid parts that are

1 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
2 the part remains in effect in all valid applications that are severable from the invalid applications.

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4 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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6 NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the  
7 meaning of 1-2-109, to any application pending or commenced before the commission prior to [the effective  
8 date of this act].

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